REMARKS

Claims 1-4, 8-9, and 27-29 are pending in the present application. By the forgoing, claims 1-4, 8-9, and 27-29 have been amended. No claims are added or canceled. Consequently, claims 1-4, 8-9, and 27-29 remain pending for the Examiner's consideration. Applicant acknowledges and appreciates the careful analysis of the claims and the cited references provided in the Office Action. The remarks below support applicant's assertion that these claims distinguish over the cited art, and are therefore in condition for allowance.

35 U.S.C. § 112

Claims 1-4, 8-9, and 27-29 were rejected under 35 USC 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Specifically, it was stated that claims 1 and 27 include a broad recitation of an element followed by a narrowing limitation of that same element. While it is asserted that the claims are clear as written, Applicant has taken this opportunity to amended claims 1 and 27-29 to further point out and more distinctly claim the subject matter which applicant regards as the invention.

In essence, the rejection asserts that a "customer" is twice notified – once upon receiving a notice regarding an offer to provide a product from at least two merchants, and once upon receiving a notice of a preferred offer. Respectfully, applicant suggests that the examiner has misunderstood the claimed invention. Contrary to the assertion in the Office Action, the first of these notices is not a notice provided to a potential customer, but rather information received by an auction server system which is acting as a hub in the auction process. The auction server system provides information about potential customers to merchants, and provides offers from

merchants to potential customers. The auction server system further assists the parties in analyzing and processing the customer information and offers, as detailed in the claims. Applicant has amended claims 1 and 27-29 to highlight the presence and role of the auction server system. It is therefore respectfully asserted that this explanation and the claims as amended fully addresses the rejection under 37 CFR 112, second paragraph. Reconsideration of the claims and removal of this rejection is therefore respectfully requested.

35 U.S.C. § 101

Claims 1-4, 8-9, and 27-29 were rejected in the Office Action under 35 USC 101 as being directed to non-statutory subject matter. In response to this rejection, applicant has amended claims 1-4, 8-9, and 27-29 such that each said claim is directed to an auction server system. Support for this amendment may be found, for example, at page 4, lines 28-30, and elsewhere. As such, claims 1-4, 8-9, and 27-29 are now tied to a particular apparatus – an auction server system – and are now directed to statutory subject matter under 35 USC 101. Furthermore, the claims are directed to "functional descriptive material" (as defined by MPEP 2106) recorded on a physical medium (the auction server system). As stated in MPEP 2106, "[w]hen functional descriptive material is recorded on some computer-readable medium it becomes structurally and functionally interrelated to the medium and will be statutory in most cases since use of technology permits the function of the descriptive material to be realized." Thus, claims 1-4, 8-9, and 27-29, as amended, satisfy the requirements of 35 U.S.C. 101. Applicant therefore requests that claims 1-4, 8-9, and 27-29 be reconsidered and allowed.

35 U.S.C. § 103(a)

Claims 1-3, 8 and 27-29 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Lebda et al. (USP 6,385,594) in view of Tengel et al. (USP 5,940,812) and further in view of Zandi (5,966,699). Claims 4 and 9 were further rejected under 35 U.S.C. § 103(a) as being unpatentable over Lebda et al. (USP 6,385,594) in view of Tengel et al. (USP 5,940,812), further in view of Zandi (USP 5,966,699), and still further in view of Shkedy (USP 6,260,024). Applicant respectfully traverses these rejections based on the arguments presented below.

Initially, the Office Action asserts (without identifying a specific passage of the reference) that Lebda is directed to a computer-implemented method for an on-line auction, as in claim 1, lines 1-2, as amended. Respectfully, Lebda is not an auction system at all, and indeed never uses the word auction or refers to auction concepts. Rather, Lebda is a system for matching a borrower with institutions willing to lend the borrower money based on the borrower's qualifications, for example to obviate the need for a borrower to complete different applications for different lenders. See, e.g., col. 1 lines 47 to col. 2 line 9. To the contrary, the present claims are directed to "an auction server system in which is stored and in which operate instructions for a computer-implemented method for an on-line auction" (claims 1, lines 1-2, as amended), (with certain of the auction steps more specifically recited in the body of claim 1).

Second, the Office Action asserts that Lebda is directed to a method which groups customers into one or more pools (citing the Abstract of Lebda) as in claim 1, lines 11-14, as amended. This is simply not true. References in the abstract to the customer ("Internet user") are in the singular, and there is portion of Lebda identified by the Examiner which suggests grouping customers together. This singular customer focus is consistent throughout the Lebda reference. Claim 1 explicitly calls for grouping potential customers together (lines 11-13), and the bidding with reference to those groups (claim 1, as amended, line 21). It should be noted

that this is more than simply an offer extended multiple times, once to each member of the group, but rather specifically an offer which is conditioned on it being made collectively to the entire group (claim 1, as amended, line 21).

Third, the Office Action asserts (without identifying a specific passage of the reference) that Lebda teaches "an offer to provide said product to said plurality of customers", as in claim 1, line 20, as amended. However, Ledba fails to teach this limitation. Again, Lebda is concerned with matching a specific user with institutions for which that user qualifies as a borrower. The user is not qualified as part of a group of users. Indeed, the qualification is specific to a specific user. The focus is on a singular user, not a pool of users.

Fourth, the Office Action asserts (citing the abstract) that Lebda teaches "a plurality of program terms". Respectfully, applicant does not find reference to such a plurality of program terms in the abstract of Lebda. Even more specifically, applicant fails to find program terms which may be ordered in any way by a user. Cp. claim 1, lines 7-10, as amended.

The Office Action goes on to state that Lebda does not disclose:

> said customer information including an explicit ranking from most important to said customer to least important to said customer of said Program Terms, the Program Term ranked as most important to said customer being defined as that customer's Preferred Program Term;
>
> automatically selecting one of said Program Terms and grouping each of said plurality of customers into one or more pools prior to an auction, said customers grouped together which have indicated as their Preferred Program Term said selected one of said Program Terms;
>
> …

comparing said offers from said at least two merchants, and based on said comparison, selecting as a Preferred Offer one of said offers from said at least two merchants;

notifying each said grouped together customer individually, over said network, of said Preferred Offer.

(Claim 1, lines 7-28). However, the Office Action asserts that Tengel discloses these limitations.

Respectfully, it is asserted that Tengel does not teach these claimed limitations. First, Tengel is not an auction system. Thus by definition it does not provide the ability to provide a "computer implemented method for an on-line auction" (claim 1, line 2, as amended).

Second, Tengel does not teach pooling of potential customers. The focus of Tengel, as with Lebda, is to match an individual borrower to a lender with whom they are qualified. Thus, when describing the loan application and matching process of the embodiments disclosed, Tengel refers to a borrower in the singular. Indeed, Tengel suggests that loan packages offered to more than a single borrower are not optimal, as each borrower present unique attributes (col. 1, line 58 to col. 2, line 4), effectively teaching away from the idea of pooling potential customers together, as is a critical limitation of the present claims.

Furthermore, implicit in the limitation of "providing to said at least two merchants data regarding said grouped together customers" (claim 1, lines 15-16, as amended), is that the Preferred Program Term is also provided to the merchant. According to the claimed invention, each potential customer provides a ranking of the terms, such as a sequential ranking of all terms by preference therefor, which term is preferred over all others, which term is preferred least as compared to all others, or other such "explicit ranking". The term rated as most important is defined as the Preferred Program Term. This Preferred Program Term is the basis

for the grouping of customers, and is common to all customer information provided to a merchant for each group of customers. Thus, by obtaining a grouping of customers and the data regarding those customers, the merchant is advised of the Preferred Program Term as well. The merchant then uses the data it is provided to assemble an offer and provide that offer to the pooled customers. That is, the offer is formulated with a prior knowledge of the Preferred Program Term. However, in the case of Tengel, the lenders must make their best offer prior to knowing which term is of greatest importance to the borrower. The lenders simply provide their loan terms, which are then tabulated. The system of Tengel, or the borrower in the case of the disclosure at col. 9, lines 51-54, thereafter can compare the loans by apply weights to the various terms of each loan, and then sort the loans based on the assigned weighted terms. Lenders are thus not provided with the opportunity to adjust some loan terms so that the loan provides an attractive preferred term to the borrowers, while adjusting others terms to ensure the loan is commercially reasonable to the lender.

The Office Action states that while Lebda does not disclose providing each said grouped together customer a finite period of time to accept, Zandi does disclose such a limitation. Respectfully, there is a fundamental difference between what Zandi teaches and the limitation of the present claims. According to Zandi, a (single) user submits an application which is reviewed and determined to be approved or not approved. If approved, the user's application is maintained in a database for a period of time during which one or more lenders may submit bids and thereafter which a borrower may accept. According to the claims of the present application, a provider provides each user in a pool of users with an offer. At this point, bidding has already taken place, and the offer is the Preferred Offer. This Preferred Offer is maintained open for a finite period of time. Thus, Zandi fails to teach "said auction server system providing each said grouped together customer a finite period of time within which said Preferred Offer may be accepted" (claim 1, lines 29-31, as amended).

The Office Action goes on to state, with regard to claims 4 and 9 that Shkedy discloses ghost pools. As has been previously argued, Shkedy teaches only that a user may specify an item, quantity of such an item, an outside shipping date, and an auction date ("pool date" as used in Shkedy) in order to be considered for entry into a buyer pool. There is no concept of preference in Shkedy. Rather, either the requested item is one in which a group of other potential buyers are interested or it is not. If it is an item of interest, and only if it is, the buyer may specify a pool date, representing when he is willing to participate in a seller-bidding auction. (Shkedy, col. 5, lines 13-20.) A buyer is provided no other mechanism for selecting a term from among several terms associated with a product, to be a preferred term around which a pool is assembled, let alone a ghost pool. That is, Shkedy fails to teach not only a preference ranking for more than one program terms to designate a preferred program term, it fails also to teach grouping customers into a ghost pool based on common indication of a preferred program term.

Furthermore, the cited section of Shkedy requires that an intermediary actually pre-negotiate a supply contract with a supplier. This pre-negotiated contract is then made available to potential customers. Shkedy says nothing about forming a ghost pool prior to negotiations with the supplier. It is therefore asserted that Shkedy fails to teach ghost pooling as claimed.

Summarizing, a number of limitations have been shown not to be taught by the references, contrary to assertions the Office Action. For example, the Office Action fails to demonstrate where the cited references teach:

(1) acquiring from each of a plurality of customers an explicit ranking of Program Terms from most important to said customer to least important to said customer (claim 1, lines 6-10; claim 27, lines 6-10);

(2) defining as a customer's Preferred Program Term the Program Term ranked as most important to that customer (claim 1, lines 6-10; claim 27, lines 6-10);

(3) grouping customers into pools (claim 1, lines 11-14; claim 27, lines 11-13 and lines 18-20);

(4) the pools based on selected Program Terms (claim 1, lines 11-14; claim 27, lines 11-13 and lines 18-20);

(5) providing to at least two merchants data regarding the grouped together customers, which implicitly includes an indication of the Preferred Program Term for that group of customers (claim 1, lines 15-18; claim 27, lines 29-30);

(6) providing an offer of a product for the group of customers (claim 1, lines 19-20; claim 27, lines 19-20);

(7) comparing the offers made by the merchants and determining therefrom a Preferred Offer (claim 1, lines 24-26; claim 27, lines 41-42);

(8) providing a finite period of time within which the Preferred Offer nay be accepted by each individual customer (claim 1, lines 29-31; claim 27, lines 45-47); and

(9) creation of ghost pools (claims 4 and 9).

"To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. In re Royka, 490 F.2d 981, 180 USPQ 580 (CCPA 1974)." (Emphasis added.) M.P.E.P. § 2143.03. Accord. M.P.E.P. § 706.02(j). The burden is on the Patent Office in the first instance to explain how the prior art renders obvious the claimed invention. Ex parte Levy, 17 U.S.P.Q.2d 1461 (BPAI 1990). As demonstrated, at least the limitations listed above are not shown in the combination of references. Thus, the Patent Office

has not met its burden, and no *prima facie* case of obviousness has been made as to claims 1-4, 8-9, and 27-29.

Importantly, while applicant has focused on a number of the common limitations from the base independent claims as distinguishing those claims from the cited references, there are additional limitations present in the independent base claims which further distinguish those claims from the cited references. For example, it is explicitly acknowledged in the Office Action that Lebda fails to disclose dividing program terms into a number of Program Term Bid Units, determining a value for each Program Term Bid Unit, and forming a Term Ratio as a ratio of Program Term Bid Units (claim 27, lines 16-25, as amended). Yet, the Office Action fails to cite where such limitations are otherwise taught in the cited references. Essentially, this is an admission that the references do not teach these limitations. Therefore, the fact that those additional limitations are not specifically discussed herein is not to be read as implying that those otherwise discussed herein are the exclusive set of such differentiating limitations. Rather, applicant has selected several differentiating limitations and based the discussion thereon in the interest of brevity, and reserves the opportunity to discuss those limitations further in subsequent correspondence regarding this case, if necessary.

Finally, claims 2-4 and 8-9 depend from claim 1, and claims 28-29 depend from claim 27. By way of their dependence, these claims contain all of the limitations of the independent claims from which they depend (directly or indirectly). Thus, for the reasons shown above that independent claims 1 and 27 contain limitations not taught by the cited references, and are therefore patentably distinct from those references, so too must the dependent claims differ from the references based on those limitations. Still further, each of the dependent claims in the present application provide their own additional limitations which may form the basis for distinguishing the reference, although such limitations are not explicitly addressed herein.

Applicant reserves the right to argue the differences between any and all specific dependent claim limitations and the cited references for a later date, if necessary.

Conclusion

For the foregoing reasons, the present application is thought to be clearly in condition for allowance. Accordingly, favorable reconsideration and issuance of a formal Notice of Allowance for this application in light of the amendments and remarks provided above is respectfully requested.

By action taken here, Applicant in no way intends to or causes any surrender of any subject matter or range of equivalents beyond that strictly required to patentably distinguish the claimed invention as a whole over the prior art. Applicant expressly reserves without dedication all such subject matter and equivalents that may fall in the range between Applicant's literal claim recitations and combinations taught or suggested by the prior art. Furthermore, distinctions between the claims and cited references in addition to those made herein may exist. Thus, applicant also reserves the right to highlight some or all of those additional distinctions at a later date, if appropriate.

If the Examiner believes that a telephone conference would expedite prosecution and allowance of this application, please telephone the undersigned at 650-941-4470.

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Date: **May 20, 2009**